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OPS FOR USTR

E.O. 12958: N/A

TAGS: PREL ECON ETRD PA
SUBJECT: D/USTR VERONEAU REASSURES LUGO OF US TRADE INTERESTS

¶1. (SBU) SUMMARY: Deputy U.S. Trade Representative John Veroneau met with President Lugo early November 20 to reinforce President Bush's interest in strengthening trade relations with Paraguay. Lugo said international solidarity is key to Paraguay's development, and asserted that Paraguay needs fair, transparent trade. Veroneau asserted that U.S. trade with the region is on the rise, and said that Free Trade Agreements with partners in the Western Hemisphere, most recently with Peru, are responsible for the up-tick in commerce and job creation. Veroneau assured Lugo that the U.S. stands ready to help Paraguay, and to support Lugo as he tackles economic development issues. Lugo and Veroneau had a warm exchange, which served to consolidate U.S. interest in closer trade relations and to encourage Paraguay to reconsider its position in the WTO on U.S. trade preference programs (septel). END SUMMARY.

¶2. (SBU) Deputy U.S. Trade Representative Veroneau met with President Lugo early November 20 to reinforce President Bush's interest in strengthening trade relations with Paraguay. (NOTE: Veroneau was accompanied by Ambassador Ayalde, USTR's Duckworth, and Pol/Econ Chief (notetaker). Foreign Minister Hamed Franco also sat in. END NOTE.) Veroneau told Lugo that President Bush was pleased with their October 27 meeting in Washington and that President Bush sent him to Paraguay to further explore expanding trade relations and to support Lugo's goal of job creation. Veroneau explained that his job allows him to travel extensively, and that his experience has taught him that open markets are critical to broad-based economic growth. He cited Uruguay and Chile as economic success stories as a result of openness and broad-based trade. Veroneau noted that the challenge is to broadly share the benefits of trade, as opposed to limiting the growth to a small segment of the population. Despite worldwide successes in countering severe poverty, Veroneau said there is still much work to be done to improve the plight of the poorest billion people in the world, and that trade is the best mechanism to do that.

¶3. (SBU) Lugo, grateful for Veroneau's message, said international solidarity is key to Paraguay's development. Lugo asserted that Paraguay needs fair, transparent trade, and that U.S. assistance can yield great dividends for the Paraguayan economy. Lugo said political and diplomatic relations are important, but that real economic change for Paraguay will come as a result of consolidated trade relations. Lugo acknowledged Paraguay's long history of close relations with the United States, but said "this is the moment" for commercial relations, not just for the United States with Paraguay, but with Latin America in general. Lugo said he wouldn't copy regional economic models, but would take inspiration from Uruguay, Chile and others about tools Paraguay could use to promote economic development.

¶4. (SBU) Veroneau asserted that U.S. trade with the region is on the rise, and said that Free Trade Agreements, most recently with Peru, are responsible for the up-tick in commerce. Veroneau discussed the opportunity for the private sector to request a detailed seminar led by a USTR expert to help the Lugo administration and the private sector maximize benefits from the existing GSP program. Lugo

admitted that Paraguay has not been efficient in exploring markets for its products, but seemed perplexed about why Paraguay's growth in the region had stagnated in comparison to its neighbors.

¶15. (SBU) Ambassador Veroneau assured Lugo that the U.S. stands ready to help Paraguay, and to support Lugo as he tackles economic development issues. Ambassador Veroneau asserted his belief that U.S. interest in Paraguay would not lessen under the Obama administration, but that President-elect Obama would look for ways to continue to develop trade relations. Lugo said U.S. interest in Paraguay, conveyed by the A/USTR's visit, "gives us hope about new possibilities," mentioning exploration for oil in Paraguay as a potential source of wealth for the country. "God continues to bless us," Lugo said in closing. COMMENT: President Lugo and Ambassador Veroneau had a warm exchange, which served to consolidate U.S. interest in closer trade relations and to encourage Paraguay to reconsider its position in the WTO on U.S. trade preference programs (septel). END COMMENT.

This message was cleared by USTR Duckworth.

AYALDE